

Message Text

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46

ACTION EB-11

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

IO-14 OIC-04 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07

PA-04 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

USIA-15 PRS-01 SP-03 FEA-02 OMB-01 SWF-02 DRC-01 /245 W

----- 118316

R 191003Z APR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1404

INFO AMEMBASSY ACCRA

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY LAGOS

AMEMBASSY KUALA LUMPUR

AMEMBASSY LIMA

AMEMBASSY MEXICO

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USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION USUN NEW YORK

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DEPT PASS ALL OECD CAPITALS

E.O. 11652: NA

TAGS: ETRD GATT JA

SUBJ: INTERNATIONAL DISCIPLINE FOR SHORT SUPPLY ACTIONS

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REF: STATE 74777

SUMMARY: EMBASSY HELD INFORMAL DISCUSSION ON REFTEL ISSUES WITH FONOFF OFFICIALS APR 17, EMPHASIZING PRELIMINARY NATURE OF USG THINKING. OFFICIALS INTERPRETED EMBASSY APPROACH AS WELCOME SIGN OF INCREASED US AWARENESS OF IMPACT OF EXPORT RESTRICTIONS AND EXPRESSED INTEREST IN FURTHER INFORMAL EXCHANGES AS SOON AS THEY HAVE HAD OPPORTUNITY TO STUDY ISSUES RAISED BY USG. RESPONSE, HOWEVER, NOT EXPECTED BEFORE OECD XCSS MEETING. END SUMMARY.

1. ECON/COUNS EXPLAINED REFTEL APPROACH TO GUIDELINES FOR DEALING WITH SHORT SUPPLY PROBLEMS AT INFORMAL MEETING WITH FONOFF OFFICIALS HEADED BY TESHIMA (ASSISTANT DG, ECONOMIC AFFAIRS BUREAU) AND INCLUDING THREE DIVISION DIRECTORS.

2. FONOFF REPRESENTATIVES REMARKED THAT THIS MATTER CURRENTLY UNDER DISCUSSION IN GATT AND IN OECD TRADE COMMITTEE WHERE, THEY SAID, IT AROSE FROM 1973 U.S. RESTRICTIONS ON SOYBEAN EXPORTS. FONOFF REPS INDICATED THEY PLEASED THAT US INCREASINGLY SENSITIVE TO IMPACT OF EXPORT CONTROLS, BUT REQUESTED CLARIFICATION ON HOW REFTEL STUDY FITS IN WITH GATT AND OECD DISCUSSIONS IN THIS AREA.

3. RESPONSES AT MEETING CONSISTED CHEIFLY OF QUESTIONS CONCERNING SUBSTANCE OF REFTEL PRESENTATION AND EXTENT OF CRYSTALIZATION OF USG THINKING. FONOFF WILL STUDY MATTER AND CONTINUE DIALOG ON INFORMAL BASIS. ONE FONOFF REP FELT STRONGLY THAT LDC'S HAVE DEVELOPED A DIFFERENT MENTALITY FROM INDUSTRIALIZED COUNTRIES ON COMMODITY SUPPLY ISSUES AND THAT PREMATURE DISCUSSION WITH LDC'S SHOULD BE AVOIDED. HE SUGGESTED GATT OR OECD (BELOW XCSS LEVEL) APPROPRIATE FOR PRELIMINARY EXCHANGES TO DEFINE THE ISSUES.

4. DURING COURSE OF DISCUSSION, FOLLOWING QUESTIONS AND POINTS WERE RAISED:

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(A) DOES USG ENVISION GUIDELINES FOR INDUSTRIAL RAW MATERIALS ONLY, OR FOR FOOD AND MANUFACTURES AS WELL - AND FOR RESTRICTIONS APPLIED FOR POLITICAL AS WELL AS ECONOMIC REASONS?

(B) GUIDELINES SHOULD IMPOSE RESPONSIBILITY ON THE PRODUCER TO RESTRICT DOMESTIC CONSUMPTION SO AS NOT TO IMPOSE ENTIRE BURDEN OF SHORTAGE ON FOREIGN CONSUMERS.

(C) DEPENDING UPON TRADE PATTERNS SOME COMMODITIES MIGHT BEST BE ISOLATED FOR INDIVIDUAL CODES WHILE GENERAL AGREEMENTS AND GUIDELINES MIGHT WORK WELL FOR OTHERS. BILATERAL AGREEMENTS MIGHT BE EFFECTIVE FOR SOME ITEMS WHILE OTHERS WOULD REQUIRE MULTILATERAL TREATMENT.

(D) SHOULD THERE BE DISTINCTIONS BETWEEN RENEWABLE AND NON-RENEWABLE RESOURCES?

(E) SHOULD CONTROLS BE BASED ON EXISTING CONTRACTS OR TRADITIONAL PATTERNS OF PURCHASE? ONE FONOFF REPRESSED PREFERENCE FOR LATTER METHOD IN ORDER TO DISCOURAGE SPECULATIVE CONTRACTING IN ANTICIPATION OF RESTRICTIONS.

(F) GOJ OFFICIALS GENERALLY SEEMED TO REGARD PRINCIPLE OF PRIOR CONSULTATION AS VITAL TO ESTABLISHMENT OF FAIR SYSTEM OF GUIDELINES. SHOESMITH

NOTE BY OC/T: NOT PASSED ALL OECD CAPITALS

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